

**NORTHWEST INDIANA REGIONAL DEVELOPMENT AUTHORITY  
APPLICATION FOR FINANCIAL SUPPORT**

**East Chicago - New Water Filtration Plant  
& Demolition of Existing Water Plant**



**APPLICANT:** City of East Chicago

**DATE OF FILING:** July 31, 2008

**CONTACT PERSONS:** Al Velez, Utilities Director  
City of East Chicago  
Phone: 219-391-8466  
Email: avelez@eastchicago.com

Chris Murphy, Project Manager  
American Structurepoint, Inc.  
Phone: 317-547-5580  
Email: cmurphy@structurepoint.com

## **Project Description**

As part of the South Shore Lakefront Plan, the City of East Chicago is seeking a grant to help clear the site at their existing water treatment plant to make way for a comprehensive revitalization in the Indiana Harbor lakefront area. The South Shore Lakefront Plan is a collaborative effort between the RDA, East Chicago, and Gary, and it will frame the redevelopment of the mile long shoreline between East Chicago Marina and Gary's Buffington Harbor. Moving the treatment plant away from the shoreline is a critical step in the Marquette Plan to generate reinvestment along the lakefront. The City is currently designing a new water treatment plant that will replace the existing plant located directly across from the Marina. This request, in the amount of \$580,000, would complete Phase I and Phase II demolition at the City's existing treatment plant. The final phase of demolition is estimated to cost \$1,400,000 and will occur after the new treatment plant is constructed and operating.

The following demolition phases are proposed:

**Phase I** - Demolish and remove abandoned steel elevated water tank and former chemical storage/mixing building - 3 story (18,000 sft.) brick-block structure with foundation. The subject tank and chemical storage building are certified free of hazardous (asbestos containing) materials.

**Phase II** - Remove and dispose of asbestos containing materials from current water filtration plant building prior to facility demolition in 2011. Asbestos pipe insulation, floor tiles and ceiling panels are in place within the current water filtration plant. Removal and appropriate disposal of said materials are necessary prior to future facilities demolition activities.

**Phase III** - Remove and dispose of the existing water filtration plant facility, including all buildings, equipment, clear well structures, raw water pump station, site pavement, and miscellaneous structures. This phase will occur in early 2011 after the new water filtration plant is complete and operational. Also, the remaining brick/block building of the abandoned water treatment plant that cannot be demolished by Phase I demolition project due to common structure with active ground storage tank(s) will be removed as part of this phase.

## **Economic Impact Statement**

The purpose of the demolition work is to clear property located within the limits of the Marquette Plan for higher and better use; improving public access opportunities to Lake Michigan for recreational and quality of life uses. When demolition of this site is complete by summer 2011, approximately 10 acres of land located adjacent to Jeorse

Park, the East Chicago Beach, the East Chicago Marina and the Ameristar Casino will be available for redevelopment.

The following statement is provided by Policy Analytics, LLC regarding this type of development:

“Shoreline development is a priority response to an under-utilized and under-appreciated asset of Northwest Indiana – at least in the past. The Lake Michigan shoreline represents an opportunity to change the character and culture of a region. As the dominance of heavy manufacturing wanes and the diversification of the region’s economy progresses, the presence of greenspace, access to beachfront and associated commercial and tourism related developments become magnets for further economic growth. This East Chicago development is at the beginning point and therefore will take many years to ripen to maturity and bear fruit – but a beginning must be made. The analysis of the economic impact of shoreline development by Policy Analytics LLC in its Comprehensive Strategic Plan given to the RDA in January of 2007 estimated that over the life of a project – every local public dollar invested in shoreline development would return approximately \$421 dollars. Although this is an average for the region, it is a reasonable return when viewing similar developments in other parts of the nation and as close as the Chicago shoreline.”

An estimated 8 construction related jobs would be provided by Phase I demolition work scheduled for September to November 2008. An estimated 12 construction related jobs would be provided by Phase II demolition work scheduled for November 2008 to April 2009. After Phase III is complete and the site is completely cleared after, at least 100 additional construction jobs will result for several years related to buildings and site improvements for commercial/retail/residential redevelopment that will occur on the site and surrounding area. In addition, several permanent jobs would be expected when the commercial/retail ventures open for business some time after 2012.

When cleared and available for new development, the occupants of the resulting commercial/retail/residential properties that will establish on several parts of the site will generate additional need for goods and services purchased in Northwest Indiana. Some positive effect on population growth can be appropriate to consider given this location is a 6.5 mile drive (10 mins.) to the East Chicago NICTD commuter train station and a 27 mile drive (45 mins) to commute to Chicago Loop. It can be expected that the residential mix would include downtown Chicago workers relocating to East Chicago for better commuting opportunities.

### **Quality of Life Impact Statement.**

This site is located adjacent to three currently operating recreational facilities, two of which already provide public access to the waterfront area, the East Chicago Marina and Jeorse Park Beach. The other facility is the Ameristar Hotel and Casino. The

commercial/retail/residential development is expected to provide another amenable component to this active lakefront recreation setting. When cleared of the current water treatment plant facility, the redevelopment of this site will provide use of this land with fewer hazardous chemicals, less of a worn and abandoned industrial setting, and more of a visually appealing, livable and enjoyable environment capable of providing a foothold on this part of the lakefront for continuing redevelopment in accordance with the Marquette Plan.

Clearing this property of its current industrial situation by this demolition project will provide redevelopment opportunity for higher and better livable and recreational use of the lakefront. The project would provide residents of Northwest Indiana, particularly East Chicago, an improved opportunity for living and enjoying the lakefront area. Recreational opportunities in the form of trail systems, parks, and open spaces would encourage greater physical activity and, thus, a healthier population. This park system would also support increased opportunity for events along the lakeshore which would strengthen family, social, cultural, and community ties.

This site is located adjacent to another lakefront improvement project located approximately 1,000 feet from the site, the East Chicago/Gary beachfront project is scheduled to start construction before the end of this year as part of the City's lakefront development initiative. The City is currently entering discussions with Ameristar regarding some cost sharing interests that may result in construction of additional improvements about this area.

This additional improvements include the following work:

1. Beach sand replenishment.
2. Addition of beach volleyball court.
3. Two new pre-engineered picnic shelters
4. New play equipment
5. Replacement of paved parking areas with sod and some landscaping

### **Funding Request and Financial Analysis**

The City of East Chicago requests a total of \$1,980,000 from the RDA to fund the demolition of the existing water treatment plant. The immediate request from the City is for \$580,000 for Phase I and II of the project. Upon final completion, the demolition would clear approximately 10 acres of land and render it suitable for redevelopment. This project is an integral part of the larger South Shore Lakefront Plan. The funding is broken out at follows:

Estimated Phase I Demolition project cost:	\$180,000
Estimated Phase II Demolition project cost:	\$400,000
Estimated Phase III Demolition project cost:	<u>\$1,400,000</u>
<b>Total Funds Requested from RDA:</b>	<b>\$1,980,000</b>
<b>Funds Provided by City of East Chicago</b>	<b><u>\$54,400,000</u></b>
<b><i>Total Water Filtration Plant Project Cost:</i></b>	<b><i>\$56,380,000</i></b>

The City has secured their \$54,400,000 of funding through the State Revolving Fund, Tax Incremental Financing, and Gaming Revenues. The City of East Chicago fully understands the need to leverage public funds to incentivize private investment. Using Tax Incremental Financing, Gaming Money Funds, and other sources, the City has already committed millions of dollars to the area around the shoreline park and shoreline community gateways in Indiana Harbor. The City has also secured funding for the beautification of its existing public beach, Jeorse Park. Moreover, private investment – including the development of new townhomes at the Main Street District, the redevelopment of a community grocery store, and the construction of a new pharmacy – is already returning to Indiana Harbor in expectation of further shoreline and community improvements.

### **Project Timeline**

The demolition project timeline is split up into three phases, with the first phase of demolition starting in October 2008. This phase includes the removal of the abandoned steel water tank and chemical storage building and should be completed by December 2008. Phase II of the project includes the removal of the asbestos containing materials from the existing plant in preparation for the final phase of demolition. This phase has an anticipated start date of December 2008 and a completion date of May 2008. The final phase includes the decommissioning and demolition of the remaining portion of the existing Water Treatment Plant. This phase will commence after the new Water Filtration Plant is constructed and fully operational with an anticipated start date of February 2011. The final demolition work is estimated to take 5 months, and the City would have a clear site ready for redevelopment by July 2011.

Northwest Indiana  
**RDA**  
Regional Development Authority

*A catalyst to transform the economy and quality of life in northwest Indiana*

TO: RDA Board  
FROM: Tim Sanders  
DATE: September 23, 2008  
RE: Project for Board Review

Attached is an application received from the City of East Chicago for the demolition of the water filtration plant.

Earlier the RDA Board approved funding for this project in the amount of \$600,000. That application was deferred at the request of the applicant, The Community Builders, because it was outside the scope of their expertise.

The attached application has been submitted by City of East Chicago and is in the amount of **\$1,980,000**.

The RDA staff will be recommending that this application be accepted by the RDA Board and forwarded to the appropriate Working Group for review. This application has not been reviewed by any RDA consultants.